

Senate File 417 - Introduced

SENATE FILE 417
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SF 274)

A BILL FOR

1 An Act creating a technology prairie by promoting an
2 environment to foster the growth of technology, start-up,
3 and small businesses and to attract a skilled workforce by
4 providing incentives and financial assistance to businesses.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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- DIVISION I
- LEGISLATIVE FINDINGS — PURPOSES
- Section 1. LEGISLATIVE FINDINGS — PURPOSES.
1. The general assembly finds all of the following:
- a. That small businesses and start-up businesses may not qualify for conventional financing and may lack the resources to expand a business.
 - b. That the limited availability of a skilled workforce hampers economic growth of small and start-up businesses in the state.
 - c. That to enhance competitiveness and foster economic development, this state must focus on the technological, cultural, and community environment in order to attract a skilled workforce and improve the economic climate for small businesses throughout the state.
2. The general assembly declares the purposes of this Act to be all of the following:
- a. To promote a cultural and community environment which encourages the retention of skilled technology workers in the state and attracts other skilled technology workers to the state.
 - b. To create incentives and assistance to compete with other markets in attracting a skilled technology workforce.
 - c. To create incentives and assistance to increase the flow of capital to start-up businesses and small businesses seeking to expand in the state.
 - d. To promote the advancement of technology in the state to assist small businesses throughout the state.
 - e. To create a technology prairie which promotes a cultural, technological, community, and economic development environment that fosters the growth of small businesses and start-up companies and attracts a skilled technology workforce.

DIVISION II

EXCITE IOWA GRANT PROGRAM

Sec. 2. NEW SECTION. 303.96 Excite Iowa grant program.

1 1. The department of cultural affairs shall establish and
2 administer an excite Iowa grant program. The excite Iowa grant
3 program is established to provide grants to nonprofit entities
4 seeking to invest in community economic activities. A grant
5 shall not be awarded to a nonprofit entity unless the entity
6 can match at least twenty percent of the amount of the grant
7 to be awarded. The matching funds may be from the nonprofit
8 entity, businesses, private foundations, federal or local
9 government funds, financial institutions, or individuals.

10 2. The grants are to be used by the nonprofit entity to
11 invest in community economic activities. Community economic
12 activities are those activities that promote and assist
13 with the visual arts, music, literature, drama, fine arts,
14 recreation including trails, and other related community
15 activities and events as deemed appropriate by the department.

16 3. In awarding a grant to a nonprofit entity to invest in
17 community economic activities, the department may consider the
18 following:

19 *a.* The nonprofit entity's relationship to the community.

20 *b.* The location of the community and the need for community
21 economic activity in the community.

22 *c.* The overall geographic diversity of the applicants for
23 grants, including urban and rural communities.

24 *d.* The type of activity in which the nonprofit entity seeks
25 to invest.

26 *e.* Any other information the department deems relevant.

27 4. The department may accept, reject, or defer a nonprofit
28 entity's application for a grant under this section.

29 5. A grant awarded under the program to a nonprofit entity
30 shall not exceed two hundred fifty thousand dollars.

31 6. The department may enter into an agreement with a
32 nonprofit entity selected to receive financial assistance
33 pursuant to this section for purposes of ensuring the program
34 is administered pursuant to the requirements of this section.

35 7. *a.* The department may seek the repayment of a grant

1 provided pursuant to this section as provided in paragraph "b".

2 **b.** If, after receiving a grant from the department pursuant
3 to this section, the nonprofit entity fails to use the awarded
4 moneys for the purposes described in subsections 1 and 2, all
5 or a portion of the grant received is subject to immediate
6 repayment to, and recapture by, the department.

7 **c.** All repayments and recaptures of grants awarded under the
8 program shall be remitted to the department.

9 8. The department shall adopt rules pursuant to chapter 17A
10 as necessary to administer the program.

11 Sec. 3. NEW SECTION. 303.97 **Excite Iowa grant fund.**

12 1. An excite Iowa grant fund is created in the state
13 treasury under the control of the department of cultural
14 affairs and consisting of moneys appropriated by the general
15 assembly and any other moneys available to and obtained or
16 accepted by the department for deposit in the fund.

17 2. The fund shall be used to provide grants under the excite
18 Iowa grant program established in section 303.96.

19 3. Interest payments and repayments and recaptures
20 of moneys provided as grants pursuant to section 303.96,
21 subsection 7, shall be deposited in the fund.

22 4. Moneys in the fund are not subject to section 8.33.
23 Notwithstanding section 12C.7, subsection 2, interest or
24 earnings on moneys in the fund shall be credited to the fund.

25 DIVISION III

26 SMALL BUSINESS MICROLOAN PROGRAM

27 Sec. 4. NEW SECTION. 15E.25 **Small business microloan**
28 **program.**

29 1. The economic development authority shall establish and
30 administer a small business microloan program. The small
31 business microloan program is established to provide loans to
32 local economic organizations to provide microloans to small
33 businesses.

34 2. To receive a loan from the program, the local economic
35 development organization shall demonstrate a dollar-for-dollar

1 fund match. The matching funds may be from a business, private
2 foundations, or individuals.

3 3. A loan awarded under the program to any local economic
4 development organization shall not exceed two hundred fifty
5 thousand dollars.

6 4. In awarding loans to local economic development
7 organizations to provide microloans to small businesses, the
8 authority may consider the following:

9 a. The local economic development organization's
10 relationship to the community.

11 b. The local economic development organization's ability to
12 provide accounting and audits of the microloans.

13 c. The location of the local economic development
14 organization.

15 d. The overall geographic diversity of the applicants for
16 loans, including urban and rural communities.

17 e. Any other information the authority deems relevant.

18 5. The authority may accept, reject, or defer a local
19 economic development organization's application for funds under
20 this section.

21 6. a. The authority shall enter into an agreement with a
22 local economic development organization selected to receive
23 a loan pursuant to this section for purposes of ensuring the
24 program is administered pursuant to the requirements of this
25 section.

26 b. Upon repayment of the microloan by the business to
27 the local economic development organization, the authority
28 may require payment of an administrative fee of up to one
29 percent of the microloan to be deposited in the small business
30 microloan program revolving loan fund established in section
31 15E.26.

32 7. a. A local economic development organization awarded
33 financial assistance pursuant to this section shall establish
34 a microloan application process and conduct a microloan
35 program for small businesses. A local economic development

1 organization receiving financial assistance pursuant to this
2 section may accept and evaluate, and approve, deny, or defer,
3 applications for financial assistance from small businesses
4 pursuant to the requirements of this section.

5 *b.* A local economic development organization receiving
6 assistance shall only provide a microloan using the loan
7 awarded by the authority pursuant to this section for a new
8 or expanding business in this state which has twenty or fewer
9 employees at the time of the business's application to the
10 local economic development organization.

11 *c.* The amount of a microloan awarded by a local economic
12 development organization using the loan awarded by the
13 authority pursuant to this section shall not exceed fifteen
14 thousand dollars to any single business.

15 *d.* The local economic development organization shall conduct
16 an annual audit of the small businesses to which it provided a
17 microloan using funds received pursuant to this section.

18 8. *a.* The authority may seek the recapture of a loan
19 provided pursuant to this section as provided in paragraph "b".

20 *b.* If, after receiving financial assistance from the
21 authority pursuant to this section, the local economic
22 development organization fails to use the moneys for the
23 purposes described in subsections 1 and 7, all or a portion
24 of the financial assistance received is subject to immediate
25 repayment to, or recapture by, the authority.

26 *c.* All payments, repayments, and interest on loans awarded
27 to an economic development organization under the program shall
28 be remitted to the authority.

29 9. The authority shall adopt rules pursuant to chapter 17A
30 as necessary to administer the program.

31 Sec. 5. NEW SECTION. 15E.26 **Small business microloan**
32 **program revolving loan fund.**

33 1. A small business microloan program revolving loan fund
34 is created in the state treasury under the control of the
35 economic development authority. The revolving loan fund shall

1 be administered by the authority and shall consist of moneys
2 appropriated by the general assembly, moneys collected by the
3 authority as fees, and any other moneys obtained or accepted
4 by the authority for deposit in the revolving loan fund. The
5 proceeds of the revolving loan fund are appropriated to the
6 authority and shall be used to provide loans under the small
7 business microloan program established in section 15E.25.

8 2. Payments of interest on loans and repayments or
9 recaptures of moneys provided to an economic development
10 organization shall be deposited in the revolving loan fund.

11 3. Moneys in the fund are not subject to section 8.33.
12 Notwithstanding section 12C.7, subsection 2, interest or
13 earnings on moneys in the fund shall be credited to the fund.

14 DIVISION IV

15 BROADBAND LOAN PROGRAM

16 Sec. 6. NEW SECTION. 15E.367 **Broadband loan program.**

17 1. The economic development authority shall establish and
18 administer a broadband loan program to provide low-interest
19 loans to broadband and telecommunications businesses to expand
20 broadband access in the state.

21 2. In awarding loans to businesses to invest in expanding
22 broadband access, the authority may consider the following:

23 a. The business's relationship to the community.

24 b. The location of the community and the need for broadband
25 access in the community.

26 c. The overall geographic diversity of the applicants for
27 loans, including urban and rural communities.

28 d. Any other information the authority deems relevant.

29 3. The authority may accept, reject, or defer a business
30 entity's application for funds under this section.

31 4. In awarding financial assistance, the authority shall
32 ensure that businesses that seek to expand broadband access to
33 communities that are underserved or are not served by broadband
34 technology shall receive financial assistance prior to
35 awarding financial assistance to businesses that seek to expand

1 broadband access to communities that have adequate service.

2 5. A loan awarded under the program to any single business
3 entity shall not exceed two hundred fifty thousand dollars.

4 6. The authority shall enter into an agreement with a
5 business entity selected to receive financial assistance
6 pursuant to this section for purposes of ensuring the program
7 is administered pursuant to the requirements of this section.
8 The agreement shall set the loan period and interest rate of
9 the loan.

10 7. a. The authority may seek immediate repayment or
11 recapture of the financial assistance awarded pursuant to this
12 section as provided in paragraph "b".

13 b. If, after receiving financial assistance from the
14 authority pursuant to this section, the business entity
15 fails to use the awarded moneys for the purposes described in
16 subsection 1, all or a portion of the financial assistance
17 received is subject to immediate repayment or recapture.

18 c. All repayments, recaptures, and interest on loans awarded
19 under the program shall be remitted to the authority to be
20 deposited in the broadband loan program fund established in
21 section 15E.368.

22 8. The economic development authority shall have the power
23 to bond as necessary to carry out the purposes of the broadband
24 loan program. The bonds shall be issued in the same manner
25 as, and under the same conditions and restrictions of, section
26 15.106D.

27 Sec. 7. NEW SECTION. 15E.368 **Broadband loan program fund.**

28 1. A broadband loan program fund is created in the state
29 treasury under the control of the economic development
30 authority and consisting of moneys appropriated by the general
31 assembly and any other moneys available to and obtained or
32 accepted by the authority for placement in the fund.

33 2. Payments or repayments of moneys provided, and interest,
34 shall be deposited in the fund.

35 3. The fund shall be used to provide low-interest loans

1 under the broadband loan program established in section
2 15E.367.

3 4. Moneys in the fund are not subject to section 8.33.
4 Notwithstanding section 12C.7, subsection 2, interest or
5 earnings on moneys in the fund shall be credited to the fund.

6 EXPLANATION

7 This bill relates to the establishment of programs to
8 provide financial and community incentives and financial
9 assistance to businesses in the state.

10 Division I provides the legislative findings and establishes
11 the purposes of the bill.

12 Division II of the bill requires the department of cultural
13 affairs (DCA) to establish an excite Iowa grant program
14 and establishes an excite Iowa grant program fund under the
15 department's control for the purpose of providing grants to
16 nonprofit entities seeking to invest in community economic
17 activities, as defined in the bill.

18 To receive an excite Iowa grant, a nonprofit entity must
19 match at least 20 percent of the amount of the grant with
20 funds from the business, private foundations, federal or local
21 government funds, financial institutions, or individuals. A
22 grant awarded under the program may not exceed \$250,000.

23 The bill allows DCA to consider the nonprofit entity's
24 relationship with the community, the location of the community
25 in which the nonprofit entity seeks to invest, the geographic
26 diversity of the applicants, the type of activity in which the
27 nonprofit entity seeks to invest, and other information DCA
28 deems relevant in awarding the grants.

29 The bill authorizes DCA to enter into an agreement with a
30 nonprofit entity selected to receive financial assistance to
31 ensure compliance with the program requirements. The bill
32 allows DCA to seek repayments or recaptures of all or a portion
33 of grant moneys if the nonprofit entity receiving the grant
34 fails to use the awarded moneys to invest in a community
35 economic activity.

1 The bill requires DCA to adopt rules to administer the
2 program.

3 Division III of the bill requires the economic development
4 authority to establish and administer a small business
5 microloan program and revolving loan fund to provide loans to
6 local economic development organizations to provide microloans
7 to small businesses.

8 The bill requires a local economic development organization
9 to demonstrate a dollar-for-dollar match to receive assistance
10 under the program. The bill provides that the maximum amount
11 of a loan to any single economic development organization may
12 not exceed \$250,000.

13 The bill requires the authority to consider factors
14 specified in the bill and other information the authority deems
15 relevant when awarding the loans to local economic development
16 organizations.

17 The bill requires the authority to enter into an agreement
18 with the local economic development organization selected to
19 receive financial assistance under the program for purposes
20 of ensuring compliance with the program requirements.
21 The bill also allows the authority to require the local
22 economic development organization to pay up to a 1 percent
23 administrative fee upon a small business's repayment of a
24 microloan to the organization for deposit in the small business
25 microloan program revolving fund.

26 The bill requires the local economic development
27 organization receiving financial assistance under the program
28 to establish a microloan application process and conduct a
29 microloan program for small businesses. The local economic
30 development organization may only use the financial assistance
31 received pursuant to the program to provide a microloan for
32 a new or expanding business in the state which has 20 or
33 fewer employees at the time of the business's application
34 for a microloan. A microloan awarded by the local economic
35 development organization using financial assistance from the

1 program may not exceed \$15,000 to any single business. The
2 bill requires the local economic development organization to
3 conduct an audit of the small businesses to which it provided a
4 microloan.

5 Financial assistance awarded under the program is subject
6 to immediate repayment or recapture if the local economic
7 development organization fails to use the financial assistance
8 for the program's intended purposes.

9 Division IV of the bill requires the economic development
10 authority to establish and administer a broadband loan
11 program to provide low-interest loans to broadband and
12 telecommunications businesses to expand broadband access in the
13 state.

14 When determining whether to award a loan to a business,
15 the authority may consider factors specified in the bill and
16 other information the authority deems relevant. When awarding
17 financial assistance, the authority must ensure that businesses
18 seeking to expand broadband access in communities that are
19 underserved or are not served by broadband technology shall
20 receive financial assistance prior to awarding assistance to
21 businesses seeking to expand broadband access into communities
22 that have adequate service.

23 The bill provides that a loan awarded under the program to
24 any single business entity may not exceed \$250,000.

25 The bill requires the authority to enter into an agreement
26 with business entities selected to receive assistance under the
27 program to ensure compliance with the program's requirements.
28 The agreement must also set the loan period and the interest
29 rate of the loan.

30 The bill authorizes the authority to seek immediate
31 repayment or recapture of a loan awarded pursuant to the
32 program if the business entity fails to use the loan moneys
33 to expand broadband access in the state. All payments,
34 repayments, or recaptures, and interest on loans awarded under
35 the program must be remitted to the authority for deposit in

1 the broadband loan program fund. The bill authorizes the
2 authority to use its bonding power as necessary to carry out
3 the purpose of the broadband loan program.

4 The bill also establishes a broadband loan program fund
5 under the control of the authority. This fund is to be used to
6 provide low-interest loans under the broadband loan program.